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TOP SECRET

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1. Italy may be willing to negotiate Trieste settlement--US Ambassador Dunn in Rome has been informed that the Italian Government would be willing to enter into direct negotiations with Yugoslavia to settle the Trieste problem only if assured that the Yugoslav Government is ready to begin serious talks on the basis of the tripartite declaration of 20 March 1948, which favored Italian control over all of the Territory of Trieste. Dunn adds that the Italian willingness to consider negotiations arises from the beliefs that: (a) the US is now in a position to make informal inquiries regarding Yugoslav intentions without jeopardizing Italian adherence to the tripartite declaration; and (b) a spring political crisis may occur in Yugoslavia and Italy would have no hope of obtaining agreement from a Sovietcontrolled successor to Tito.

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2. Yugoslav-Satellite relations -- US Ambassador Allen in Belgrade has been informed by Yugoslav Foreign Minister Kardelj that although Yugoslavia's diplomatic relations with all the Satellites have long been at the breaking point, Yugoslavia would hold out "as long as humanly possible." Kardelj pointed out, however, that the endurance point has

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almost been reached, particularly in Bulgaria and Albania. The Foreign Minister added that Satellite treatment of Yugoslav diplomats in Sofia has been "inhuman beyond description" and that the Yugoslav Ambassador in Rumania had been recalled but has been unable to obtain an exit visa.

(CIA Comment: CIA believes that Yugoslavia will probably be forced to withdraw more and more representatives from the Satellites as the Kremlin continues its efforts to isolate Yugoslavia from Eastern Europe.)

- 3. Yugoslav views on UN seating of Chinese Communists—The US Delegation to the UN transmits the opinion of Yugoslav Security Council representative Bebler that the fundamental issue involved in seating the Chinese Communists in the UN is the independence of China. Bebler feels sure that this question must be connected with Mao's long stay in Moscow and believes that the longer the Chinese Communists are kept out of the UN, the more the West will be helping the Soviet effort to isolate China from the West and to destroy Chinese independence.
- 4. Thailand to delay recognition of Bao Dai—US Embassy Bangkok has been informed by Premier Phibul that the Thai Government intends to delay recognition of the Bao Dai regime in Indochina "for the time being". In support of the Thai decision, Phibul pointed out that considerations favoring recognition are outweighed by Thai desires, in common with those of other Asian peoples, to see nations still considered to be under "colonial domination" achieve "real freedom and independence". The Premier added that the Thai people are not convinced that Bao Dai and his government have yet achieved real freedom, independence, or a large measure of popular support.

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